

**INSPECTOR GENERAL**  
**FISCAL YEAR 2003 ESTIMATES**  
**BUDGET SUMMARY**

**OFFICE OF INSPECTOR GENERAL**

**SUMMARY OF RESOURCES REQUIREMENTS**

|   | FY 2001<br>OP PLAN<br><u>REVISED</u> | FY 2002<br>INITIAL<br>OP PLAN<br>(Millions of Dollars) | FY 2003<br>PRES<br>BUDGET |
|---|--------------------------------------|--|---------------------------|
| Personnel & related costs .....                       | 21.0                                 | 21.8   | 22.7                      |
| Travel.....   | 1.2                                  | 1.2  | 1.2                       |
| Operation of installation.....                        | 0.7                                  | 0.7  | 0.7                       |
| Total .....   | <u>22.9</u>                          | <u>23.7</u>  | <u>24.6</u>               |
| <u>Distribution of Program Amount by Installation</u> |                                      |  |                           |
| Headquarters .....                                    | <u>22.9</u>                          | <u>23.7</u>  | <u>24.6</u>               |
| Total .....   | <u>22.9</u>                          | <u>23.7</u>  | <u>24.6</u>               |

**INTRODUCTION**

The NASA Office of Inspector General (OIG) budget request for Fiscal Year 2003 is \$24.6 million.

- 92.3 percent of the proposed budget is dedicated to personnel and related costs, including salaries, benefits, monetary awards, worker's compensation and training, as well as the Government's contributions for Social Security, Medicare, health and life insurance, Government contributions for employee accounts, the required 25 percent availability pay for criminal investigators, and supporting personnel costs, such as moving expenses.
- 4.8 percent of the proposed budget is dedicated to travel, including the cost of transportation, per diem at current rates, and related expenses of OIG auditors, investigators, inspectors, and supporting personnel in conducting OIG audits, investigations, inspections, evaluations, and other studies. The OIG staff is located at 14 offices in or near NASA installations.
- 2.9 percent of the proposed budget is dedicated to equipment, including government vehicles, special equipment for criminal

investigators, and information technology equipment unique to the OIG.

The OIG continues to streamline activities to increase its ability to meet its objectives. Administrative overhead positions have been converted to program assistants and to analysts responsible for assisting on audits, investigations, and inspections. Personnel and management analyst positions have been matrixed to support direct mission activities. The OIG continues to simplify communications and reporting channels, and improve computer and telecommunications capacities to further increase the staff's capabilities and efficiency. Finally, the OIG has outsourced reviews of the Agency's annual financial statements to independent auditors, freeing its financial auditors to concentrate on audits of programs and projects, accounting controls, information systems, and performance measurements.

This request represents the OIG resources needed at NASA Headquarters and field offices to fulfill the OIG mission. Recognizing the demands of the numerous audits, investigations, inspections, assessments, and other activities it conducts, the OIG continuously adjusts its priorities. In this way, it maintains a balanced coverage of NASA's programs and operations, it promptly evaluates and investigates critical and sensitive matters, and it ensures that all OIG customers receive timely, accurate, and complete responses. In FY 03, the OIG will continue to focus attention on and recommend improvements to NASA's high-risk areas, material weaknesses, and areas of significant concern. The OIG will continue to work to improve the scope, timeliness, and thoroughness of its oversight of NASA programs and operations; identify preventive measures; and enhance its capabilities to assist NASA management to efficiently and effectively achieve program and project goals and objectives.

## **OBJECTIVES**

At the requested funding level, the OIG will work to:

- Prevent and detect crime, fraud, waste, abuse, and mismanagement.
- Promote economy, effectiveness, and efficiency within the Agency and across the Government.
- Keep the Administrator and the Congress fully and currently informed of problems in Agency programs and operations.
- Provide the Agency and the Government with timely, accurate, and independent information and useful recommendations relating to Agency programs and operations.
- Provide timely and valuable input regarding existing and proposed legislation and regulations relating to Agency programs and operations.
- Help NASA to improve the security of its information technology systems and bring to justice those that illegally access or otherwise harm those systems (including those who conduct cyber espionage or cyber terrorism).
- Recommend improvements to systems and processes, or disciplinary actions where appropriate, in response to allegations of non-criminal misconduct by Agency employees.

As NASA continues to establish new priorities and modify its programs and operations, the OIG regularly reevaluates its resource allocations to concentrate staff resources on those programs, processes, and operations identified as the most critical and vulnerable to crime, fraud, waste, and abuse. Identifying these vulnerable areas will require continued cooperation with NASA management and Congress.

## **STATUS**

### **Criminal Investigations**

The OIG Office of Criminal Investigations (OCI) identifies, investigates, and refers for prosecution cases of crime, waste, fraud, and abuse in NASA programs and operations. The OIG's Federal law enforcement officers investigate false claims, false statements, conspiracy, theft, mail fraud, and violations of Federal laws, such as the Procurement Integrity Act and the Anti-Kickback Act. Through its investigations, the OCI also seeks to prevent and deter crime at NASA. In the past 2 years, OCI recovered \$7.5 million for the Government in civil recoveries and criminal fines and penalties--more than \$100,000 per Special Agent per year. In FY 01, the OCI opened 188 new cases, many of which are highly complex and will require months, or even years, to complete. At the end of FY 01, the OCI was investigating 269 active criminal cases.

The FY 03 investigative staffing level will require the effective management of a complex workload of investigative criminal and civil fraud matters. OCI investigators have been freed to work more serious criminal cases by referring non-criminal administrative cases to other organizations. OCI refers the most serious administrative matters to the OIG Office of Inspections and Administrative Investigations (I&A) for review. More routine administrative matters are referred to NASA management for their resolution (with the requirement that OIG be advised of the action taken). By referring matters to Agency managers and the I&A staff to resolve, the OIG has been able to apply increased investigative resources to address the more serious allegations. OCI has also increased efficiency by using leads generated by OIG audits to target programs identified as highly vulnerable to fraud.

### **Computer and Technology Crimes Investigations**

Computer crimes at NASA have a negative impact on the Agency's mission, image, and bottom line. The NASA OIG formed the Computer and Technology Crimes Office (CTCO) and the Technical Services Office (TSO) to bring to justice those who illegally access or otherwise harm the Agency's information technology (IT) systems

- CTCO performs criminal and cyber-counterintelligence investigations in response to attacks against NASA's information systems networks, computer communication systems, and advanced technology programs. CTCO also investigates criminal misuse of NASA computers.
- TSO performs forensic analysis of computer media in support of criminal and cyber-counterintelligence investigations and is a leader in the development of law enforcement hardware and software.

The President's Council on Integrity and Efficiency, the Department of Justice, and individual United States Attorney's Offices have recognized the OIG's computer crimes investigations units for excellence. These units' unique ability to investigate and create countermeasures to IT exploitations will help deter and detect future exploits, thereby protecting NASA's technology and assets.

Both CTCO and TSO:

- Increasingly provide support to the OIG Office of Criminal Investigations on complex cases involving computer technology (e.g., where key information for a case resides on a suspect's computer) or in cases where the computer was used as a means of carrying out the crime (e.g., wire fraud or monetary extortion).
- Participate in Federal task forces, provide expert technical assistance to other federal agencies, and train law enforcement

personnel in advanced computer-related crime fighting techniques.

- Work cooperatively with NASA, notifying NASA management of incidents that may pose a threat to human safety or critical missions, and investigating potential criminal incidents forwarded by the Center IT Security Managers.
- Participate in joint task forces with federal (including the Secret Service and the Federal Bureau of Investigation), state, and local law enforcement officials.
- Serve as NASA's focal point for referrals to the Department of Justice and other external law enforcement organizations of all violations of Federal criminal and civil statutes related to computer system intrusions or criminal misuse of computers at NASA, including counterintelligence-related crimes.
- Provide investigative and analytical support the Federal Bureau of Investigation-sponsored National Infrastructure Protection Center and coordinate counterintelligence matters with the Central Intelligence Agency and the National Security Agency.

The OIG computer crimes units have solved cases involving extortion of NASA and contractor personnel, loss of communications services costing hundreds of thousands of dollars per intrusion to repair, and the use of NASA-funded networks to further criminal enterprises including the compromise of advanced technologies and industrial espionage. The number of new cases opened has increased from 30 in FY 1998 to 150 (not including assistance on fraud cases) in FY 2001.

### **Inspections and Administrative Investigations**

The Office of Inspections and Administrative Investigations (I&A) utilizes an interdisciplinary staff to provide independent and objective inspections and assessments of the effectiveness, efficiency, and economy of NASA programs and operations, and conduct administrative (non-criminal) investigations. Inspections, assessments, and other reviews are conducted to support: management's interests and concerns in achieving NASA's programmatic objectives more efficiently and effectively; issues of Congressional concern; matters of high Agency vulnerability; and administrative inquiries related to unethical and improper conduct, waste and mismanagement. Inspection activities provide timely feedback to program managers and, in some instances, provide a foundation for audits or criminal investigations.

The I&A staff consists of a small core of analysts with expertise in a variety of fields, including procurement, communications security, management analysis, safety, and aerospace technology. I&A staff frequently support other OIG divisions by providing expertise and technical support. OIG resources have increasingly been focused on I&A to enable the conduct of complex inspections that can only be pursued by a team with expertise in a number of areas (e.g., safety, procurement).

### **Audits**

The Office of Audits (OA) conducts independent, objective audits and reviews of NASA and NASA contractor programs and projects, to improve NASA operations. The OA conducts a broad range of professional audit and advisory services, comments on NASA policies, and is responsible for oversight of audits performed under contract or by other Federal agencies. The OA helps NASA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the economy, efficiency and effectiveness of NASA operations and by deterring fraud, crime, waste, and abuse.

The OA uses a formal, comprehensive (yet flexible) process to identify, review, prioritize, and select which NASA programs and processes to audit. Audit topics are derived from: (1) monitoring NASA's evolving initiatives in downsizing, re-engineering,

commercialization, and privatization to determine vulnerabilities and opportunities for efficiencies; (2) addressing issues required by laws and internal regulations; and (3) reviewing the top management challenges provided by the OIG each year to the Congress and the Agency.

In addition to standard audits, the OA has taken the lead in two Government-wide initiatives. The OA initiated, developed, and hosted three joint conferences of the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency (PCIE/ECIE)—the organizations representing all the Federal Offices of Inspector General—on the Government Information Security Reform Act (GISRA). The conferences focused on GISRA requirements, review approach and methods, and NASA OIG GISRA planning and experiences. The NASA OIG also led a PCIE/ECIE initiative to review the Federal Government's implementation of PDD-63 "Critical Infrastructure Protection." On September 12, 2001, NASA Inspector General Roberta Gross testified on this effort before the Senate Governmental Affairs Committee on "How Safe Is Our Critical Infrastructure?" OIG staff members received the PCIE *Award for Excellence* for their leadership in this activity.

## **SCHEDULES & OUTPUTS**

| <u>WORKLOAD</u>  | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|--|----------------|----------------|----------------|
| <u>Office Staff Ceiling</u>  |                |                |                |
| Full-Time Equivalents.....   | 201            | 213            | 213            |
| <u>Investigations</u>  |                |                |                |
| Cases pending beginning of year .....                              | 246            | 269            | 286            |
| Opened during the year .....                                       | 188            | 225            | 243            |
| Closed during the year .....                                       | 165            | 208            | 223            |
| Cases pending end of year .....                                    | 269            | 286            | 306            |
| <u>Computer Crimes</u>   |                |                |                |
| Cases pending beginning of year .....                              | 51             | 74             | 90             |
| Opened during year .....   | 150            | 120            | 100            |
| Closed during year .....   | 127            | 104            | 110            |
| Cases pending end of year .....                                    | 74             | 90             | 80             |
| <u>Audits</u>  |                |                |                |
| Audits pending beginning of year .....                             | 37             | 35             | 42             |
| Opened during year .....   | 53             | 62             | 62             |
| Closed during year .....   | 55             | 55             | 55             |
| Audits pending end of year .....                                   | 35             | 42             | 49             |
| <u>Inspections and Administrative Investigations (I&amp;A)</u>     |                |                |                |
| I&A Administrative Investigations* pending beginning of year ..... | 95             | 153            | 123            |
| Opened during year .....   | 127            | 130            | 140            |
| Closed during year .....   | 128            | 160            | 150            |
| I&A Administrative Investigations pending end of year .....        | 153            | 123            | 113            |
| I&A Inspections and Assessments** pending beginning of year .....  | 16             | 22             | 27             |
| Opened during year .....   | 35             | 40             | 45             |
| Closed during year .....   | 29             | 35             | 40             |
| I&A Inspections and Assessments pending end of year .....          | 22             | 27             | 32             |

\*Includes activities investigated by I&A staff, referrals to NASA management, and referrals to other organizations.

\*\*Includes inspection and assessment reports, special studies, responses to congressional inquiries, and management alerts.

**BASIS OF FY 2003 FUNDING REQUIREMENT****PERSONNEL AND RELATED COSTS**

|  | <u>FY 2001</u>        | <u>FY 2002</u> | <u>FY 2003</u> |
|--|-----------------------|----------------|----------------|
|  | (Millions of Dollars) |                |                |
| <b>Compensation and Benefits.....</b>  | <b>20.6</b>           | <b>21.6</b>    | <b>22.5</b>    |
| Compensation.....                      | 16.6                  | 17.4           | 18.2           |
| (Full-time Permanent) .....            | 16.5                  | 17.4           | 18.2           |
| (Other than full-time permanent) ..... | 0.1                   | --             | --             |
| (Overtime & other compensation) .....  | --                    | --             | --             |
| Benefits .....                         | 4.0                   | 4.2            | 4.3            |
| <b>Supporting Costs .....</b>          | <b>0.4</b>            | <b>0.2</b>     | <b>0.2</b>     |
| Transfer of personnel .....            | 0.2                   | 0.1            | 0.1            |
| Personnel training .....               | 0.2                   | 0.1            | 0.1            |
| OPM Services .....                     | --                    | --             | --             |
| <b>Total</b> .....                     | <b>21.0</b>           | <b>21.8</b>    | <b>22.7</b>    |

**TRAVEL**

|                    | <u>FY 2001</u>        | <u>FY 2002</u> | <u>FY 2003</u> |
|--------------------|-----------------------|----------------|----------------|
|                    | (Millions of Dollars) |                |                |
| <b>Travel.....</b> | 1.2                   | 1.2            | 1.2            |

Travel funding is required to carry out audit, investigation, inspection, and management duties. The OIG's budget allows for increases in per diem, airline costs, and workloads. The OIG anticipates increased travel by its IT audit, IT inspection, and computer crimes teams. Also, in order to respond to NASA's changing priorities (and implementation of its centers of excellence and commercialization efforts), increased travel funds will be required to deploy staff located at field offices remote from the site where audit and investigation activities occur.

**OPERATION OF INSTALLATION**

|                                       | <u>FY 2001</u>        | <u>FY 2002</u> | <u>FY 2003</u> |
|---------------------------------------|-----------------------|----------------|----------------|
|                                       | (Millions of Dollars) |                |                |
| <b>Operation of Installation.....</b> | 0.7                   | 0.7            | 0.7            |

Operation of Installation provides a broad range of services and equipment in support of the Office of Inspector General's activities. The estimates provide for all equipment, including purchase, maintenance, programming and operations of unique information technology (IT) equipment. Also provided in this category are miscellaneous expenses for GSA cars, the Inspector General's confidential fund, miscellaneous contracts, and supplies not provided by NASA. NASA generally provides common services items such as office space, communications, supplies, and printing and reproduction at no charge to the Office of the Inspector General.



**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

**PROPOSED APPROPRIATION LANGUAGE**

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, [23,700,000], 24,600,000 (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2001.*)